**Before**

**Mr. Amir M. Khan Afridi – Director/ Head of Department**

**In the matter of Show Cause Notice issued to TRG Pakistan Limited**

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| Dates of Hearing | May 28, 2022 |

**Order-Redacted Version**

Order dated July 28, 2022 was passed by Director/Head of Department (Adjudication-I) in the matter of TRG Pakistan Limited. Relevant details are given as hereunder:

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| **Nature** | **Details** |
| 1. Date of Action | Show cause notice dated March 15, 2022 |
| 1. Name of Company | TRG Pakistan Limited |
| 1. Name of Individual | The proceedings were initiated against the board of directors of the Company |
| 1. Nature of Offence | Proceedings were initiated in terms of regulation 27 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (**the CCG Regulations**) read with Regulation 37 of CCG Regulations and Section 512 of the Companies Act, 2017  Brief facts of the case are that the review of the financial statements of the Company for the period ended June 30, 2021 (**the 2021 Accounts**) transpired that the Company under the statement of compliance with the CCG Regulations disclosed Audit Committee comprising of Mr. \*\*\*\*\* as chairman while Mr. \*\*\*\*\*, Mr. \*\*\*\*\* and Mr. \*\*\*\*\* as its members and stated that:  *“Regulation 27(2)(i):*  *Last year the Company received an extension for the deadline of holding AGM and filing of annual accounts from the Securities and Exchange Commission of Pakistan (SECP), therefore, annual and quarterly accounts were approved in one audit committee meeting held on 05th November 2021 of the financial year 2021 and therefore, during the year three audit committee meetings were held instead of four.”*  In view of the aforesaid, it appeared that the Respondents failed to convene Board’s audit committee at least once in each quarter of the year ended June 30, 2021. |
| 1. Action Taken | Key findings were reported in the following manner:  I have gone through the facts of the case, submissions made in writing as well as during the hearing proceedings and state that it is mandatory, in terms of regulation 27(2)(i) of the CCG Regulations, for the board’s audit committee to meet at least once in every quarter of the financial year. It is observed that the terms of reference of audit committee meetings as stipulated in the Regulations include businesses other than review and approval of annual and quarterly financial statements of the company. The extensions granted for holding AGM and submission of quarterly accounts does not preclude the Respondents from the requirement of holding audit committee meeting in each quarter. Thus default in compliance with requirements of regulation 27 of the CCG Regulations at the relevant time is established. Therefore, the Respondents are liable for penalty under Regulation 37 of the CCG Regulations. However considering aforesaid submission of the Respondents, delay in finalization of annual accounts and binding assurance to comply with the relevant regulations in future, I, hereby conclude this matter with warning to Respondents and advise them to ensure compliance of law in true letter and spirit in future.  Nothing in this Order may be deemed to prejudice the operation of any provision of the Regulations providing for imposition of penalties in respect of any default, omission, violation of the Regulations. |
| 1. Penalty Imposed | **No penalty has been imposed on the respondents.** |
| 1. Current Status of Order | No Appeal has been filed by the respondents. |